

4959 ROMAINE STREET | LOS ANGELES, CA 90029

FULLY RENOVATED 20-UNIT APARTMENT COMMUNITY IN EAST HOLLYWOOD | DELIVERED WITH RTI PLANS TO BUILD AN ADU | 8 PARKING SPACES; 4.56% CAP RATE ON CURRENT INCOME WITH ADDITIONAL RENTAL UPSIDE OF 19%

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EXECUTIVE SUMMARY

4959 ROMAINE STREET

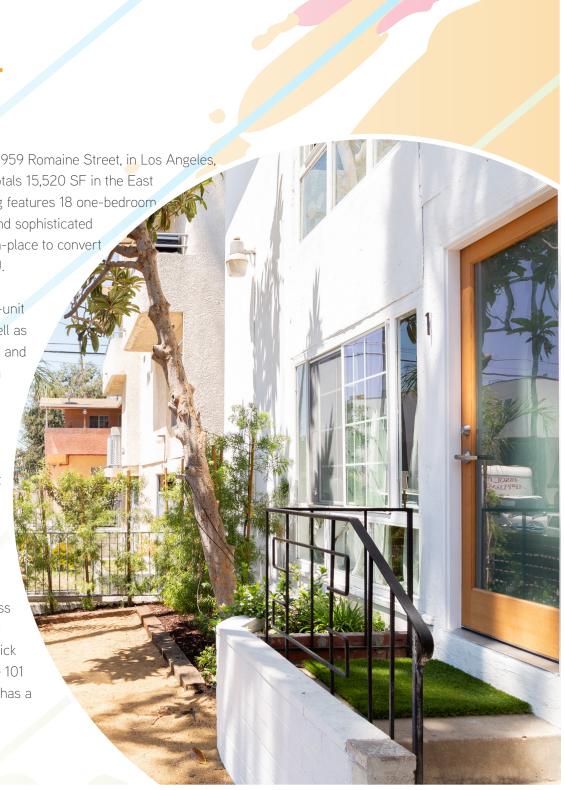
Los Angeles, CA, 90029

The Neema Group of Marcus & Millichap is pleased to present 4959 Romaine Street, in Los Angeles, CA. Built in 1956 and renovated in 2019, this 20-unit property totals 15,520 SF in the East Hollywood neighborhood of Los Angeles. The two-story building features 18 one-bedroom units, and 2 two-bedrooms units, all with spacious floor plans and sophisticated interior finishes. The property will be delivered with RTI plans in-place to convert the community laundry room into an one-bedroom 500 SF ADU.

All the units have undergone extensive renovations, including in-unit washers and dryers, hardwood flooring, custom cabinetry as well as high-end appliances. The property is separately metered for gas and electric and has eighteen parking spaces. Additionally, there is a RUBS program in place to bill back utilities.

This offering presents an investor the opportunity to purchase an asset with stable cash flow of 4.56% on current income and extensive renovations, providing passive income in a market that has shown consistent growth in population and rents year over year. There are no long-term tenants as all the units have been leased in 2019 or later.

The East Hollywood neighborhood continues to grow at a rapid pace and attracts high-end residents with the unparalleled access to employment opportunities and education options. The subject property has a walk score of 86 and the location allows for a quick commute to both Hollywood and Downtown Los Angeles via the 101 Freeway. The immediate area surrounding the subject property has a population of over 530,000 within a three-mile radius.





INVESTMENT HIGHLIGHTS



4959 Romaine Street is a 20-unit turn-key investment opportunity located in Los Angeles' East Hollywood neighborhood, just south of Santa Monica Boulevard between North Normandie Avenue and North Alexandria Avenue



The subject property features an impressive unit mix of 18 one-bedrooms, and two two-bedrooms all; all spacious units with meticulous renovations including hardwood flooring, brand-new countertops and appliances, and new windows; every unit has its own washer and dryer; additionally, five units have patios and six units have private balconies



The property will be delivered with RTI plans in-place to convert the existing community laundry room into a 1+1 500 SF ADU.



In addition to the extensive interior renovations, 4959 Romaine Street has low operating expenses as the building is separately metered for gas and electric and has a RUBS program in place;; there are eighteen parking spaces with no soft-story work required



This offering presents an investor the opportunity to purchase a newly renovated asset with strong in-place cash flow to provide long term passive income; at the asking price, the CAP rate is 4.56% on current income with an additional 19% rental upside



The subject property offers residents a very high walk score of 86 and is located just 0.3 miles west of Los Angeles City College; 4959 Romaine Street sits just off the 101 Freeway, giving residents and easy commute to Hollywood and Downtown Los Angeles



Rare opportunity to acquire a turn-key, stabilized investment offering in the emerging submarket of East Hollywood, a densely populated rental submarket that continues to show increasing rents year over year







RENOVATIONS

Pepper Tree Ranch offers newly renovated apartments in the heart of Hollywood that offer tenants bright and spacious living arrangements complete with designer touches, hand-crafted details and modern conveniences such as in unit laundry and covered parking. Open floor plans and large windows offering plenty of natural light give a fresh, clean Scandinavian-inspired aesthetic. Pepper Tree Ranch offers a unique combination of modern living and relaxed comfort, while being centrally located in one of the most engaging and diverse neighborhoods in LA.



EXTERIOR RENOVATIONS

The ownership has recently renovated Pepper Tree Ranch completely including high-end exterior additions throughout the property such as:

- New windows throughout the property, including patio doors
- Community couches, tables, benches and even a hammock for residents to enjoy the common areas of Pepper Tree Ranch in the sunshine of East Hollywood
- Beautiful professionally done landscaping that includes a grass area and greenery throughout the property
- New exterior light fixtures, including lights that hang over the common areas allowing residents to enjoy the outdoor space after hours
- Professional mural painting made by Punk Me Tender, giving the building an identity and landmark throughout the neighborhood
- Entertainment amenities such as bocce ball and cornhole for tenant's enjoyment
- Renovated private patios for many units overlooking the courtyard
- High-end exterior paint, new door locks, unit numbers, wifi and other signage throughout to give Pepper Tree Ranch a modern feel



BUTTERFLY MURAL

The butterfly mural was professionally painted by artist Punk Me Tender.

The mysterious artist Punk Me Tender is known for his very graphic, raw form of art. Inspired by women, fashion, and style, his art offers a new look on the female body, claiming that desire is the biggest drive in everybody's soul.

Born in France on September 4th, 1982, the artist came to Los Angeles to pursue his dreams. Whether it is art in the form of graffiti, a mural, or photography, his works are always a surprise and unexpected. Like many artists, Punk Me Tender doesn't have a strategy for his art. He only acts based on instinct and doesn't follow any rules. Much of his photography has themes of sensuality and wanting.



PROPERTY DESCRIPTION

4959 ROMAINE STREET, LOS ANGELES, CA 90029

APN 5538-003-011

Number of Units 20

Year Built /Renovated 1956/2019

Gross SF 15,520

Lot Size 15,599 SF

Type of Ownership Fee Simple

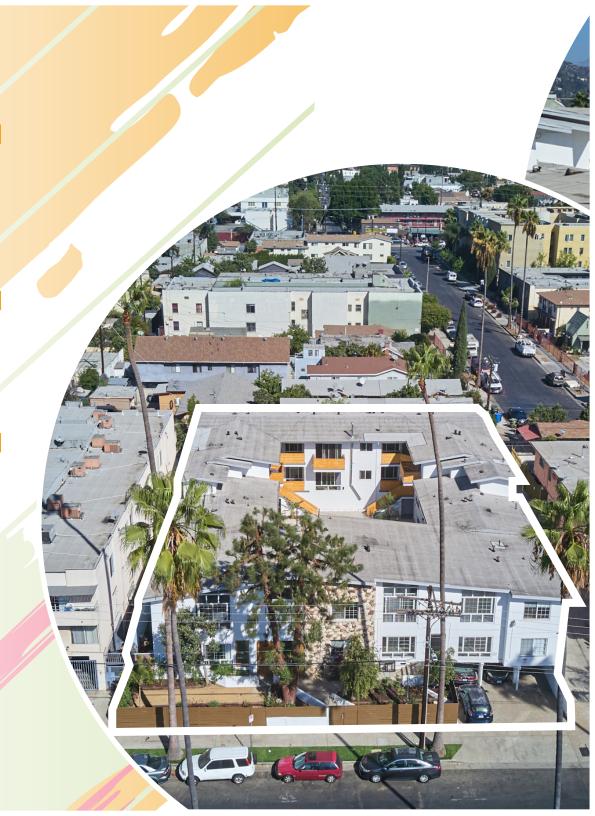
CONSTRUCTION

Foundation Concrete
Framing Wood
Exterior Stucco
Roof Pitched
Lot Size 15,599 SF

UTILITIES

Electricity Separately Metered
Water Master Metered
Gas Separately Metered











EAST HOLLYWOOD

East Hollywood is central to Los Angeles' most prominent and thriving employment center, Downtown Los Angeles, which boasts more than 500,000 jobs within a 30-minute drive. Furthermore, the neighborhood of East Hollywood offers a dense concentration of hospitals that drives employment in the area, such as Kaiser Permanente Medical Center, Children's Hospital Los Angeles, and Hollywood Presbyterian Medical Center.

East Hollywood is a commuter-strategic location with proximity to the 101 & 5 Freeways and other transit options. The community has easy access the Metro Red Line Vermont / Santa Monica Station, which operates between Hollywood and Downtown Los Angeles.

Consistent with the greater Los Angeles area, there is a significant affordability gap to homeownership in the East Hollywood neighborhood. As roughly half of the submarket's owner-occupied housing units are valued above \$1,000,000. In recent years the median home price in the area has increased dramatically eluding to the growth of the area, but also the need for substantial renter occupied units.

Along with strong projected population growth in the coming years, increased demand for housing in the submarket will foster substantial rent growth for the foreseeable future, indicating strong market and property performance for years to come. Further supported by dynamic economic base with well-paying jobs, the area has experienced significant growth recently.





FINANCIAL ANALYSIS

Unit #	Unit SF	Unit Type	Rent	Pro Forma Rent	Move-In Date	Outdoor Space	Notes
1	769	1+1	\$2,194	\$2,475	4/24/21	private front and back patio	
2	825	1+1	\$2,050	\$2,400	8/1/21	private front and back patio	
3	683	1+1	\$1,995	\$2,250	2/5/21		
4	676	1+1	\$1,895	\$2,250	5/1/21		
5	705	1+1	\$1,973	\$2,300	1/5/21		
6	702	1+1	\$2,094	\$2,350	5/1/21	open patio	
7	1133	1+1	\$2,094	\$2,800	3/20/21		
8	825	1+1	\$2,194	\$2,450	2/18/21	open patio	
9	769	1+1	\$1,995	\$2,300	6/1/21		
10	783	1+1	\$1,995	\$2,300	4/30/21		
11	769	1+1	\$2,050	\$2,300	6/20/21		
12	825	1+1	\$2,325	\$2,450	11/15/19	private balcony	
13	683	1+1	\$1,000	\$2,300	8/1/19	private balcony	*On Site Manager
14	676	1+1	\$1,895	\$2,250	4/8/21		
15	705	1+1	\$2,294	\$2,350	12/21/20	private balcony	
16	702	1+1	\$2,095	\$2,350	2/1/20	open patio	
17	683	1+1	\$2,175	\$2,300	12/16/19	private balcony	
18	825	2+1	\$2,649	\$2,800	9/1/19	private balcony	
19	769	1+1	\$2,174	\$2,350	6/1/20		
20	1023	2+2	\$2,694	\$3,000	2/13/21	private balcony	
21 Total Units - 21	500	1+1		\$2,000		ADU; Vacant* *ADU has not been built yet, the will be delivered with RTI plans t	property o build.
Monthly Scheduled Rent			\$41,830	50,325			
RUBS			\$1,577	\$1,577			
Pet Rent			\$245	\$245			
Liability Insurance			\$147	\$147			
Monthly Scheduled Gross Income			\$43,799	\$52,294			
Annual Scheduled Gross Income			\$525,592	\$627,532			

* On Site Manager

Annualized Operating Data

		CURRENT		MARKET
Scheduled Gross Income		\$525,592		\$627,532
Less Vacancy Rate Reserve	5.0%	\$26,280	5.0%	\$31,377
Gross Operating Income		\$499,312		\$596,155
Less Expenses	31.6%	\$166,241	27.1%	\$170,115
Net Operating Income		\$333,071		\$426,040
Reserves		\$4,000		(\$4,000)
Less Debt Service		\$247,806		\$247,806
Pre-Tax Cash Flow	3.2%	\$81,264	6.8%	\$174,234
Plus Principal Reduction		\$95,762		\$95,762
Total Return Before Taxes	6.9%	\$177,027	10.6%	\$269,996



	CURRENT	MARKET
Real Estate Taxes (1.18%)	\$86,140	\$86,140
Insurance	\$6,208	\$6,208
Utilities:	\$8,668	\$8,668
Repairs & Maintenance	\$12,000	\$12,000
Management 4%	\$19,972	\$23,846
On-Site Manager	\$16,800	\$16,800
Waste Removal	\$10,260	\$10,260
Landscaping & Cleaning	\$1,800	\$1,800
Pest Control	\$960	\$960
Direct Assessment	\$2,433	\$2,433
License & Fees	\$1,000	\$1,000
Total Expenses	\$166,241	\$170,115
Per Net Sq. Ft.	\$10.71	\$10.96
Per Unit	\$8,312.07	\$8,505.76





FINANCIAL ANALYSIS

PRICING DETAILS

Price	\$7,300,000
Down Payment (35%)	\$2,555,000
Number of Units	20
Cost per Legal Unit	\$365,000
Current GRM	13.89
Market GRM	11.63
Current CAP	4.56%
Market CAP	5.84%
Cost per Net GSF	\$470

NEW POTENTIAL FINANCING

New First Loan	\$4,745,000
Interest Rate	3.25%
Amortization	30
Monthly Payment	\$20,650.54
DCR	1.34

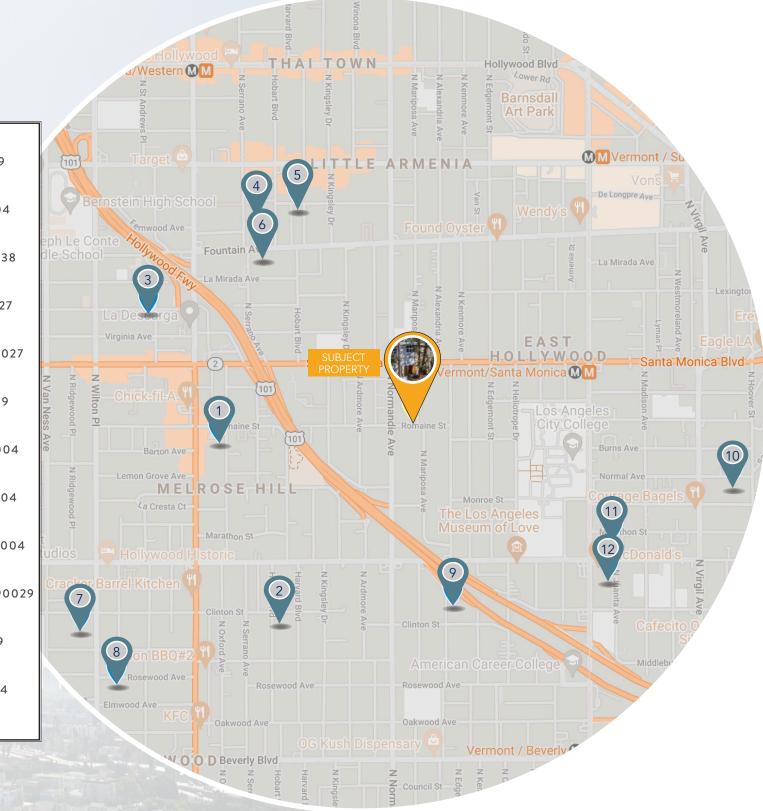


PEPPER TREE RANCH



RENTAL COMPARABLES

- 1 955 N Oxford Ave, Los Angeles, CA 90029
- 2 552 N Hobart Blvd, Los Angeles, CA 90004
- 3 5606 Lexington Ave, Los Angeles, CA 90038
- 4 1376 N Serrano Ave, Los Angeles, CA 90027
- 5 5242 De Longpre Ave, Los Angeles, CA 90027
- 6 5342 Fountain Ave, Los Angeles, CA 90029
- 7 5119 Maplewood Ave, Los Angeles, CA 90004
- 8 4938 Rosewood Ave, Los Angeles, CA 90004
- 9 616 N Alexandria Ave, Los Angeles, CA 90004
- 10 4120-4124 Normal Ave, Los Angeles, CA 90029
- 11 4150 Marathon St, Los Angeles, CA 90029
- 12 639 N Juanita Ave, Los Angeles, CA 90004



RENTAL COMPARABLES

4959 ROMAINE ST

SUB	JECT PROPERTY	UNIT TYPE	SF	CURRENT RENTS	RENT PER SF	MARKET RENTS	RENT PER SF
49	59 Romaine St, Los Angeles, CA 90029	1+1	676-1133	\$2,027		\$2,363	
		2+1	825	\$2,649	\$3.21	\$2,800	\$3.39
		2+2	1023	\$2,694	\$2.63	\$3,000	\$2.93
	ADDRESS	UNIT TYPE	SF	RENT	RENT PER SF		
1	955 N Oxford Ave, Los Angeles, CA 90029	1+1	720	\$2,495	\$3.47		
2	552 N Hobart Blvd, Los Angeles, CA 90004	1+1	850	\$2,475	\$2.91		
3	5606 Lexington Ave, Los Angeles, CA 90038	1+1	800	\$2,385	\$2.98		
4	1376 N Serrano Ave, Los Angeles, CA 90027	1+1	670	\$2,300	\$3.43		
5	5242 De Longpre Ave, Los Angeles, CA 90027	1+1	906	\$2,475	\$2.73		
6	5342 Fountain Ave, Los Angeles, CA 90029	2+2	1050	\$2,950	\$2.81		
7	5119 Maplewood Ave, Los Angeles, CA 90004	2+2	950	\$2,860	\$3.01		
8	4938 Rosewood Ave, Los Angeles, CA 90004	2+2	1075	\$3,100	\$2.88		
9	616 N Alexandria Ave, Los Angeles, CA 90004	2+1	886	\$2,850	\$3.22		
10	4120-4124 Normal Ave, Los Angeles, CA 90029	2+1	967	\$2,795	\$2.89		
11	4150 Marathon St, Los Angeles, CA 90029	2+2	930	\$2,950	\$3.17		
12	639 N Juanita Ave, Los Angeles, CA 90004	2+2	1000	\$3,250	\$3.25		















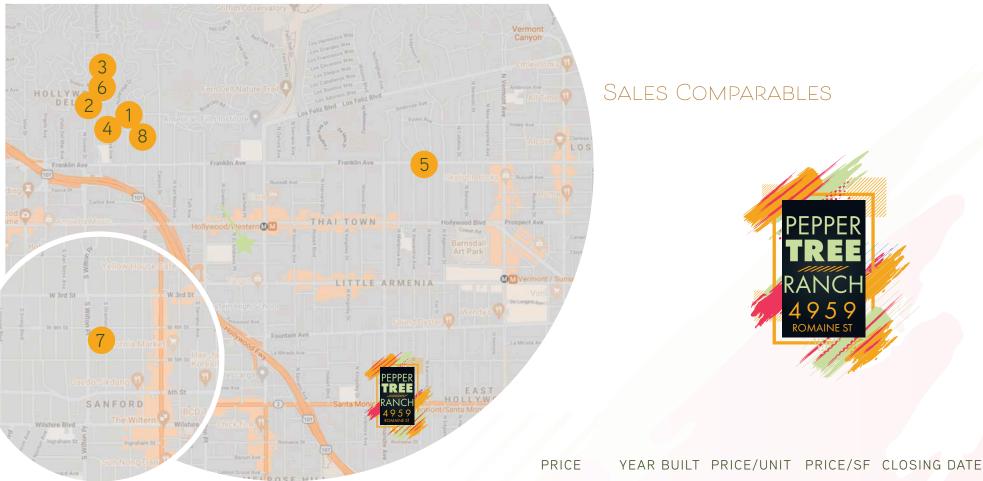












SALES COMPARABLES



THE POSE HILL					
4959 Romaine Street Los Angeles, CA 900	29 \$7,300,000	1956	\$365,000	\$470	<u>-</u>
1 5935 Chula Vista Way Los Angeles, CA 90068	\$5,140,000	1967	\$302,353	\$400	12/10/21
2 2033 N Beachwood Dr Los Angeles, CA 90068	\$8,500,000	1953	\$326,923	\$431	11/16/21
3 2200 N Beachwood Dr Los Angeles, CA 90068	\$15,600,000	1964	\$339,130	\$385	8/19/21
4 1953-1959 Cheremoya Ave Los Angeles, CA 90	\$5,625,000	1956	\$351,563	\$341	7/23/21
5 1835 N Kenmore Ave Los Angeles, CA 90027	\$6,400,000	1954	\$533,333	\$714	2/3/21
6 2130 Beachwood Dr Los Angeles, CA 90068	\$4,600,000	1967	\$383,333	\$420	10/5/20
7 453 S Gramercy Pl Los Angeles, CA 90020	\$4,050,000	1966	\$289,286	\$471	5/21/20
8 1937 N Bronson Ave Los Angeles, CA 90068	\$4,120,000	1961	\$343,333	\$471	5/4/20
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SALES COMPARABLES





4959 Romaine Street | Los Angeles, CA 90029

Offering Price	# of Units	Year Built	Price per Unit	Price per SF	CAP Rate	GRM
\$7,300,000	20	1956	\$365,000	\$470	4.56%	13.89





5935 Chula Vista Way Los Angeles, CA 90068

Sold Price	# of Units	Year Built	Price per Unit	Price per SF	CAP Rate	GRM	Sold Date
\$5,140,000	17	1967	\$302,35 <mark>3</mark>	\$400	4.02%	15.76	12/10/21





2033 N Beachwood Dr Los Angeles, CA 90068

Sold Price	# of Units	Year Built	Price per Unit	Price per SF	CAP Rate	GRM	Sold Date
\$8,500,000	26	1953	\$326,923	\$431	4.33%	14.38	11/16/21



3 2200 N Beachwood Dr Los Angeles, CA 90068

Sold Price	# of Units	Year Built	Price per Unit	Price per SF	CAP Rate	GRM	Sold Date
\$15,600,000	46	1964	\$339,130	\$385	N/A	N/A	8/19/21



4 1953-1959 Cheremoya Ave Los Angeles, CA 90068

Sold Price	# of Units	Year Built	Price per Unit	Price per SF	CAP Rate	GRM	Sold Date
\$5,625,000	16	1956	\$351,563	\$341	3.80%	15.21	7/23/21



1835 N Kenmore Ave Los Angeles, CA 90027

Sold Price	# of Units	Year Built	Price per Unit	Price per SF	CAP Rate	GRM	Sold Date
\$6,400,000	12	1954	\$533,333	\$714	4.96%	N/A	2/3/21



6 2130 Beachwood Dr Los Angeles, CA 90068

Sold Price	# of Units	Year Built	Price per Unit	Price per SF	CAP Rate	GRM	Sold Date
\$4,600,000	14	1967	\$383,333	\$420	N/A	N/A	10/5/20



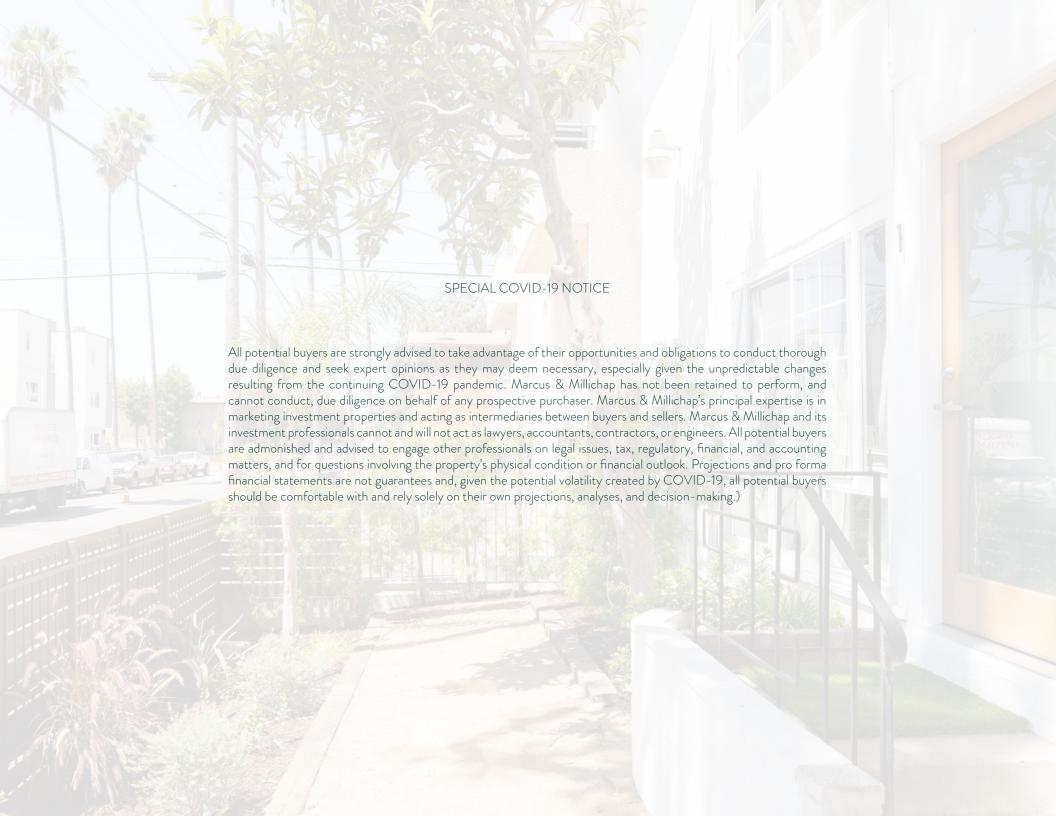


Sold Price	# of Units	Year Built	Price per Unit	Price per SF	CAP Rate	GRM	Sold Date
\$4,050,000	14	1966	\$289,286	\$471	4.86%	14.26	5/21/20



8 1937 N Bronson Ave Los Angeles, CA 90068

Sold Price	# of Units	Year Built	Price per Unit	Price per SF	CAP Rate	GRM	Sold Date
\$4,120,000	12	1961	\$343,333	\$471	N/A	N/A	5/4/20







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